

I know that some of you would like me to talk more about issues other than fiscal/financial ones. And I will do that when bills move or issues come to the floor. However, I am a bean counter (CPA) by trade and I do sit on 3 of the 4 financial committees on which members of the House can sit (The only one I am not on is the tax-writing Ways and Means Committee). Numbers are kind of what I do. And of course, issue number 1, 2, and 3, both in the public's mind and in DC, is the economy right now.

One of the services I hope to provide the readers of this missive is information about what is happening back here which will hopefully help you navigate the very treacherous economic waters ahead. To that end, all 3 of the committees on which I sit met last week. Here is a brief synopsis of what I learned from those hearings.....and some comments on other stuff you may want to know:

Budget Committee: Last week's witness in this committee was Treasury Secretary Timothy Geithner talking about the President's budget. He vigorously defended the budget, which I would expect from any member of the President's cabinet. But I was disappointed that he did not acknowledge any of the highly questionable projections and assumptions that were made in order to make the deficit appear to not increase so drastically. The budget predicts economic growth of 3.2% next year, increasing to an astounding 4.6% by 2012 with inflation levels staying at or below 2.0% during that time. If growth turns out to be that strong, we will indeed have inflation because of the monetary policies that have been pursued during this crisis. If inflation is that low then there won't be growth. But budget numbers look better if there's tax revenue from growth and low interest rates on the expanding national debt. Geithner also made it clear that virtually all of the first \$700 billion of TARP funds has been committed. The President's budget calls for another \$750 billion of TARP money but it does not say when it will be requested, or for what it may be used.

My exchange with Geithner on these issues is on a 5 minute clip which is [linked here](#).

Financial Services Committee: Last week began the first in a series of hearings about the idea of establishing a "systemic risk regulator" either in the Federal Reserve, or elsewhere, to be on the lookout for the sort of risks that are greater than any one company and could threaten the whole system. I wholly support this concept. The federal government has poured hundreds of billions of dollars into AIG and Citibank and Fannie Mae not just to save these companies, but to save hundreds of other entities from the fallout that would occur from the failure of one of these "too big to fail" companies. I believe we need to do a significant restructuring of our

regulatory system, including a systemic risk regulator, to try and prevent the sort of meltdown that has led to the crisis from which we now suffer. Companies should not be allowed to become “too big to fail.” For some ideas I have on what this regulation should look like, here is a link to an article I wrote last December for [Investor's Business Daily](#).

Joint Economic Committee: I was just [appointed](#) to be one of the 10 House members (there are also 10 Senators) on this committee. This committee does not vote on bills, but has frequent hearings to assess economic health and make recommendations to both Houses of Congress. This first hearing was centered on the testimony of the Commissioner of Labor Statistics who compiles the data on unemployment that you see every month. It goes without saying that last month's employment data was very bad. We have lost over 600,000 jobs per month for the third month in a row. I asked the Commissioner if perhaps that meant that job losses were flattening out. He said that since the total number of jobs in the market is contracting, there is actually more evidence that job losses are still accelerating. We are not out of the woods yet by any means.

TARP Factoid: Just short of \$200 billion of TARP money has been distributed to over 400 financial institutions including \$3.1 million to Crazy Woman Creek Bancorp, Inc. in Buffalo, WY. No, I am not making that up. It may be a very legitimate bank but.....couldn't they have thought up a better name?

TARP Question: The Treasury says they are going to need to put \$30 billion more into CitiGroup but will only own 40% of the company, thereby not nationalizing it. As I write this, CitiGroup is trading at about \$1 per share, giving the company a “market capitalization” (the total value of the company based on its share value) of under \$6 billion. At \$1 per share with \$30 billion, wouldn't the government own about 80%? Or is the taxpayer paying more than market? Let's face it. Citi is being nationalized. And other banks will follow. And I don't agree with it. I think that buying the troubled assets out of these entities, or letting them fail, would have been a better strategy.

Stimulus Factoid: States, cities, and private companies from around the country are applying to get some of the \$850 billion ‘non-stimulus package’ signed by the President last month. Many of the applications are unbelievable. West Virginia is applying for \$380,350 to contact 160 landowners and encourage them to grow shiitake mushrooms and ginseng. By the way, that's \$2,377 per call to a landowner.

Omnibus Factoid: There's \$1.8 million to study and manage the odor from "swine manure" in Iowa. Look, I could never think of stuff like this to make it up. This is proof that sometimes, fact is stranger than fiction.

Latest Idea: I have been telling you for some time now, a number of things that I think we should be doing to make this recession shorter and shallower while minimizing damage to the eventual recovery. You all know that I think the actions of Congress and the President thus far, have been counterproductive. Certainly the markets agree with me at this point.

Well, here is an idea that was sent to me by one of the readers of this laptop report. And it's one of the best ideas I've heard yet. So good in fact, that I will be introducing it as a bill this week and talking a lot about it.

The bill would eliminate all Capital Gains taxes for any assets purchased in 2009, regardless of when the asset is sold. So, people would be encouraged to purchase homes, property, stocks bonds and businesses in 2009. This incentive would alter the risk/return ratio and likely spur a great deal of economic activity that is currently paralyzed by fear and uncertainty. And from the federal government standpoint, there might be an increase in revenue to the federal government now as the sellers report capital gains. The "loss" of revenue on the sale would not occur until some years later when the asset is sold and hopefully the government is also on better footing.

This would stimulate lots of job-creating economic activity NOW, with no cost to the taxpayer and no reduction in federal revenues until later.

I'll keep you posted on how much traction this idea gets.

Until next week, I remain respectfully,

Congressman John Campbell